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# CENTRAL INTELLIGENCE GROUP INTELLIGENCE REPORT

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COUNTRY Germany/Russian Zone

DATE:

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SUBJECT Status of Certain Factories in Magdeburg and Other Areas

DIST. 22 November 1946

PAGES 3

SUPPLEMENT

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ORIGIN

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Schaffer and Budenberg, Magdeburg-Bucken

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- At the end of the war this firm held some 1450 machine-tools, including automatic lathes, grinding machines, polishing machines, and gear grinders for the aircraft industry. Part of the war-time production program was also devoted to the manufacture of torpedo driving mechanisms; the monthly average output was 120. Apart from building, steering, and dashboard equipment for aircraft (estimated value of output in this field in 1944 is seventeen million marks), the firm undertook the production of electro-steel plate for armored fighting vehicles as from 1942. Two electro-furnaces of six tons capacity and one of four tons were available for this purpose. Although the works did suffer some war-damage, the armaments departments are intact. In particular, the measuring instruments section has not suffered from the loss of any machinery. A census of the complete machine "park" after the Russian occupation of Magdeburg showed that 40% was completely serviceable and a further 30% only in need of a minor overhaul (which has since been undertaken). The remaining 30% was declared as out-dated and no longer fully serviceable.
- The Russian authorities have, from the beginning, endeavored to keep the plant fully occupied with reparations orders. The estimated value of the output for 1946 is twelve to sixteen million marks. The figure for the second half of 1945 was five million marks. Whereas only 2,300 workers were employed in November 1945, some 3,500 workers are now engaged. In December 1945, SMA Kerishorst appointed a Russian officer, Kargaltsev, Captain of the Engineers, as Works Controller. A new management was appointed in July 1946 and consisted of three civilian Russian engineers. The leading member of this group is said at one time to have managed a concern in Leningrad employing 20,000 workers.
- During the last phases of the war, the efforts of the measuring instruments department were mainly concentrated on the production of steering and regulating gear for high-altitude aircraft.

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In March 1946, however, the Sondertechnisches Büro Halle (consisting mainly of ex-employees of Siebel, Halle, and now working for General Kuznetsov's staff) approached Schaffer and Budenberg, armed with the necessary authorities, with the demand that the Magdeburg firm should recommence construction of this equipment. It was primarily only a matter of supplying equipment for test planes which were to serve as models for subsequent copying. At the same time it was pointed out that Junkers, Dessau, would be approaching the Magdeburg firm in the same connection. Since the relevant

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drawings were no longer available, the Russians engaged the designer dipl. Ing. Letzas to reproduce them. At first the Russian Works Controller opposed the resumption of the production of aircraft instruments in favor of the scheduled completion of reparations orders for fittings and ordinary measuring instruments, but was instructed by Karlshorst to accept the work. This has made competent German officials in the firm believe that larger orders than the initial ones for aircraft instruments are envisaged.

4. Apart from their own requirements in steel castings, Schäffer and Budenberg have to deliver 200 tons of cast-steel to Krupp-Gruson, Magdeburg-Buckau by the end of 1946. These steel-castings are required by Krupp-Gruson in connection with the building of thirty-five sets of installations for cement factories. Eight sets are scheduled for completion by the end of 1946, but the delivery date is unlikely to be maintained in view of the shortage of primary materials, especially strong tin-plate. The Russians promised to procure the latter from Czechoslovakia, but no deliveries had been made by the end of July 1946.
  5. In order to extend the peace-time production of Schäffer and Budenberg, the manufacture of "spark units" (Funkelementen) for Deutz-type Diesel engines was taken up in the autumn of 1945. In addition, an order was passed by Primus Traktoren K.G., Berlin and Magdeburg, for the construction of 1,000 Deutz-type Diesel engines, model F2M 114. This order was backed up by the Provincial Administrations in Halle and Potsdam; the engines were required for agricultural tractors. The first order for pumps has been completed. The first deliveries of engines took place in August 1946. Both manufacturers and clients are anxious in case these engines, too, should be taken over by the Russians on account of reparations and the urgent agricultural needs in the Russian Zone of Germany be ignored.
  6. In connection with the Russian campaign to recruit German technicians, the Soviet Commandant in Magdeburg, Col. Lipachov, ordered Schäffer and Budenberg in February 1944 to dismiss thirteen of their leading designers and engineers, because of their long-standing membership in the Nazi Party. Of these thirteen men, however, several were immediately taken over by technical offices working exclusively for the Russians; Letzas was among their number. 50X1-HUM  
of the Magdeburg firm  was also asked to become the head of a technical office controlled by the Russians. This particular office was to have dealt with high pressure fittings for steam power stations and chemical works. Abel was offered 2,000 Marks, Category I rations, and 300 cigarettes per month.
- Krupp-Grusonwerke and Maschinenfabrik Wolf, Magdeburg-Buckau
7. In the same way as Schäffer and Budenberg, the above two firms have become Soviet State Concerns. It is estimated that each firm is employing 3,000 to 5,000 workers. In order to assist in the reconstruction of the Krupp-Gruson works, the Magdeburg Labor Office was instructed to engage an additional 5,000 workers. In addition, all the labor available after the completion of the reconstruction work at the Brabag Plant at Magdeburg-Rothensee was drafted to the Krupp-Gruson factory.

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Brabag Plant, Magdeburg-Rothensee

8. Compared with the 1942/3 annual output figure of 250,000 tons, the present production rate of synthetic fuel will reach approximately 80,000 tons per annum provided that sufficient tar products are available. The loss to the British Zone of the Offleben brown coal fields is probably offset by supplies from deposits in Saxony. About 1,000 persons are employed on actual production and a further 1,000 on repair work. An extension of serviceable installations is impossible for the time being because of lack of machinery, pressure vessels, and special equipment normally obtained from the western zones.

Nordhauser Maschinenfabrik

9. Another firm engaged on the production of the same type of Diesel engines as Schäffer and Budenberg was the Nordhauser Maschinenfabrik, a daughter concern of Maschinen & Bahn Bedarfs A.G. (formerly Orenstein & Koppel), Berlin-Potsdam. A monthly output of 200 engines was planned. Schäffer and Budenberg were to have supplied the pump units for these engines. At the beginning of July 1946, however, the Nordhausen concern advised the Magdeburg firm that they would have to withdraw their contract and forego the engine production program altogether as they had been obliged to reserve their entire capacity until further notice for the purpose of executing a special Russian order, believed to be connected with the "V" weapon program.

Junkers, Schönebeck, and Famo, Breslau

10. The Junkers factory at Schönebeck was completely dismantled in May 1946. The same applies to the Famo Works, Breslau, which has originally moved a quarter of its machinery to Schönebeck.

Hubbe-Fahrenheit, Magdeburg-Friedrichstadt and Polte, Magdeburg-Wilhelmstadt

11. The Fett-Chemie Werk of Hubbe-Fahrenheit and Polte have both been completely dismantled. Factory installations, workshops, and office equipment have been removed.

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